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SIPDIS

SENSITIVE

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SUBJECT: MDC SHADOW MINISTERS PREVIEW PARTY'S ECONOMIC  
PLATFORM

SENSITIVE BUT UNCLASSIFIED

**11.** (SBU) SUMMARY: MDC shadow minister for economic affairs and MDC MP Tendai Biti on September 23 summarized to emboff the elements of the party's economic plan, called RESTART. The plan, which he cast as essentially a social democratic platform, was being circulated for comment and could be expected to be released publicly by the end of the year. Broad in scope but short on specifics, the lengthy policy paper is not likely to alter the political dynamic here, but some elements could find their way onto the agenda of inter-party talks. Shadow Finance Minister Tapiwa Mashakada on September 24 shared with the Embassy a draft of RESTART, for which he sought international support. END SUMMARY.

RESTART Lays Out "Social Democratic" Agenda

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**12.** (SBU) Tendai Biti elaborated to emboff on September 23 a chapter-by-chapter summary of the principal chapters in a 60-plus page policy paper that had been a year in the making. The opening chapter laid out general principles, establishing the party's economic approach as essentially "social democratic." Principal objectives underscored up front included establishment of a more participatory democracy, measures to create a functioning economy, and effecting redistributive justice.

**13.** (SBU) Chapter two outlined immediate priorities to be addressed: (1) reconstituton of the political structure, including the civil service, (2) measures to turn around failing social infrastructure, such as health, education, and transportation systems, (3) the HIV/AIDS crisis, (4) job creation, (5) and land reform. Biti observed that the degraded civil service would pose one of the party's biggest challenges upon assumption of power, although a hardy core of professionals yet survived the onslaught of political and economic pressures. Chapter Three addressed "cross-cutting issues", such as labor, gender, land productivity, and trade.

**14.** (SBU) Biti described Chapter Four, which focused on macroeconomic issues, as the paper's most weighty. Sketched out without too much detail would be interest rate and foreign exchange policies, and measures to stem spiralling inflation. The paper called for 100 percent retention of foreign currency by exporters and a more realistic exchange rate, among other things. Budget deficits were likely to be severe -- 25 percent of GDP after the first year "if we're lucky." The paper's vetting process had resulted in a scaling back of earlier expensive party promises, such as free anti-retrovirals for needy patients. Biti acknowledged that some of even the most obvious remedies would be difficult for certain segments of the public to swallow, but the most knowledgeable, including some within ZANU-PF, recognized their necessity. Indeed, he expected that ZANU-PF would borrow some of the ideas, and that some proposals could find their way onto an agenda for inter-party talks. Chapter Five would describe the treatment of various sectors, including mining, agriculture, and transportation.

Redistributive Justice Under Land Reform

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**15.** (SBU) On land reform, Biti said the paper was based on the premise that the country could not afford either the status quo or the status quo ante. He asserted that the paper's treatment of the topic was built on the party's "Synopsis of Land Reform" released in April 2000, which built on the 1998 donors' conference on land reform. The approach hinged on four basic principles: (1) conveyance would be voluntary, (2) one-man one-farm, (3) maximum plot sizes would be determined regionally, (4) a punitive tax would be imposed on unused land. Redistribution would be conducted in three phases: a land audit to determine actual occupancy and use on a farm-by-farm basis; an examination of historical and legal

claims to the property; and the awarding of legal possession by a land commission. He said possession would be based largely on long-term leases along the lines of the model employed in Zambia, with beneficiaries determined according to needs and abilities.

#### International Role Under RESTART

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16. (SBU) As for an international role in Zimbabwe's recovery, Biti said the paper did not expressly address it but that everybody recognized its importance. The party would be approaching the diplomatic community at the appropriate time to encourage formation of a "Marshall Plan" for Zimbabwe. He conceded that the country would probably require at least three years of sustained structural reform before foreign direct investment was likely to become a significant economic factor.

17. (SBU) Biti said the paper had been circulated to prominent Zimbabwean and regional academics for comment. He expected that some of their comments to be incorporated in the next draft, which was due out by the end of September. That draft would be sent to wider audiences for comment, including to the USG.

18. (SBU) Shadow Finance Minister Tapiwa Mashakada on September 24 presented econoff with a draft of RESTART, a copy of which Embassy is pouching to the AF/S. Mashakada was more explicit than Biti in stressing the need to line up donor funding for RESTART and a future MDC government.

#### COMMENT

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19. (SBU) A cursory review of the RESTART draft shared by Mashakada shows it to be extremely vague in critical areas, perhaps a consequence of the MDC's very large "tent" that includes business and labor, white farmers, and socialists. It is mostly a rehash and update of "The Bridge," the party's economic campaign document for the 2002 presidential elections. RESTART is perhaps not as specific an economic manifesto as we would hope from a party ready to govern, but it is certainly an improvement on the unrealistic or non-existent economic planning of the current government.

10. (SBU) Because meaningful political change is generally accepted as a necessary precondition for meaningful economic change here, the MDC's paper is likely to remain principally an academic exercise for some time. Nonetheless, MDC attention to difficult economic issues is a positive and overdue development, even if its prescriptions remain vague and unrealistic in some areas. For now, the party enjoys the luxury of time and the absence of publicity or public expectation in crafting its economic policies. The paper may face a bumpy road, though, when subjected to greater scrutiny among the diverse interests represented in the MDC's leadership and broad membership, particularly from trade unionists and academics who tend to reject "liberal economics." The recommendations can be expected to provoke knee-jerk opposition by the ruling party in the short term, but could become relevant to an agenda for inter-party talks -- should they ever move forward.

11. (SBU) Biti and Mashakada may be emerging as rivals for control of MDC economic policy. Neither would appear to make an initially-promising economic minister given the gravity of Zimbabwe's economic condition. Both are well under 40 while lacking substantive private-sector business or public-sector budgeting background. Many moderate, working-level ZANU PF administrators in the Finance, Trade and the technical Ministries bring considerably more hands-on experience and expertise to the table (even if their proposals are being presently stymied by Mugabe and hardline ZANU-PF ideologues).

Most businessmen hope an MDC president would enlist a prominent private-sector figure to steer a Finance Ministry tasked with turning around what has been - by some measures - the world's fastest declining economy over the past 3 years, rewarding young and loyal MDC stalwarts like Biti and Mashakada with deputy minister and permsec positions.

12. (SBU) BIO NOTE: An extremely energetic and engaging interlocutor, Biti is at once confident and self-effacing. A successful labor and constitutional lawyer with an old-line Harare firm, he readily conceded his lack of credentials in economics. Nonetheless, he was very enthusiastic about economic themes and stressed his interest in the experiences of other developing countries emerging from political strife, such as Chile, Peru, and even post-war Europe. He emphasized his excitement in being at the fulcrum of Zimbabwean history but claimed to be tired of politics, notwithstanding his youth. Biti said he did not intend to run for parliament in the next election, and speculated that he may pursue an academic or business position overseas for some time after his term expired, with a view to learning first hand about a "successful developing country model", such as Malaysia.

